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Approved

26 October 1972

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Chile: Financial Support to Opposition
Parties and Private Sector in 4 March 1973
Congressional Elections

1. Operational Summary

This memorandum proposes that [REDACTED] be approved by the 40 Committee to support four political parties and [REDACTED] private sector organizations opposed to the Popular Unity (UP) coalition of President Salvador Allende during the period from 1 November 1972 to 4 March 1973, when congressional elections will be held to fill the seats of all 150 deputies and of 25 of the 50 Chilean senators. Funds requested for the four opposition parties, which will confront the UP as a single political confederation, are as follows: [REDACTED] for the Christian Democratic Party (PDC); [REDACTED] for the National Party (PN); [REDACTED] for the Radical Party of the Left (PIR); and, [REDACTED] for the Democratic Radical Party (PDR). These budgets are primarily for the campaign period but also provide for subsidy payments to each party for the months of March and April 1973 while the outcome of the elections is being assessed. The budget requested for the private sector is [REDACTED]

[REDACTED] Funds provided to private sector groups will be used for specific activities which contribute to the overall campaign effort. A contingency fund of [REDACTED] is also included for unforeseen emergencies.

The requested financial support is considered to be realistic because of the critical importance of the election and in terms of opposition needs and capabilities. Although the opposition parties have the organization and the will to mount a strong election campaign, the Allende

government has been so successful in undermining the economic strength of those individuals and groups which support the opposition that financial assistance of the scope requested is essential if an effective campaign is to be carried out. The vote in this election will determine the extent to which the government can claim to have a popular mandate to continue the implementation of its revolutionary program, or whether opposition action to force a change in government policies would have strong popular support.

2. Previous 40 Committee Approvals

Funds previously approved by the 40 Committee for the four opposition parties [REDACTED] period ending on 31 October 1972. The following is a tabulation of all funds approved by the Committee for these organizations since January 1971:

PDC :

\$ [REDACTED]

PN :

\$ [REDACTED]

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PDR :

\$

PIR :

\$

TOTAL

During this period the Committee also authorized a total of [REDACTED] for financial support to El Mercurio, Chile's leading independent newspaper, whose continued existence has been deemed essential during the period preceding the March 1973 Congressional elections. The total amount of support authorized by the Committee for support to all opposition elements, including El Mercurio, is [REDACTED]

3. Security and Cover

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[REDACTED]

The risks involved in this funding are believed to be acceptable in view of the importance of continued opposition control of the Chilean congress which has been the major obstacle to the UP's efforts to rapidly impose an irreversible Marxist regime.

4. Coordination

This proposal has the concurrence of Ambassador Nathaniel Davis and Assistant Secretary of State for Inter-American Affairs Charles A. Meyer.

5. Cost

The [REDACTED] requested in this proposal are not available within the present Western Hemisphere Division allocation for FY 1973 [REDACTED]

[REDACTED]

[REDACTED] Chief
Western Hemisphere Division

CONCUR:

Release of the attached memorandum to the members of the 40 Committee is authorized:

Deputy Director for Plans

Director of Central Intelligence

Date

Date

Executive Director-Comptroller

Date

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MEMORANDUM FOR: The 40 Committee

SUBJECT : Chile-Financial Support of Opposition Parties
and Private Sector in 4 March 1973 Congressional
Elections

I. SUMMARY

This memorandum proposes that [REDACTED] be approved for the support of political parties and private sector organizations opposed to the Popular Unity (UP) coalition of President Salvador Allende during the period from 1 November 1972 to 4 March 1973, when the Chilean congressional elections will take place. Funds previously approved by the Committee for the four opposition parties and for emergency assistance to [REDACTED] [REDACTED] covered a period ending on 31 October 1972.

Budgets requested for the four opposition parties, which will confront the UP as a single political confederation, are as follows: [REDACTED] for the Christian Democratic Party (PDC); [REDACTED] for the National Party (PN); [REDACTED] for the Radical Party of the Left (PIR); and [REDACTED] for the Democratic Radical Party (PDR). These budgets are primarily for the

[REDACTED]

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campaign period (1 November 1972 to 4 March 1973), but also provide for subsidy payments to each party [REDACTED] while the outcome of the election is being assessed. The budget requested for the entire private sector is [REDACTED]


[REDACTED] Funds provided [REDACTED] will be used for specific activities in support of the overall campaign effort. A contingency fund of [REDACTED] is also included for unforeseen emergencies.

The requested financial support is considered to be realistic in terms of the critical importance of the elections and of opposition needs and capabilities. Although the opposition parties have the organization and the will to mount a strong election campaign, the Allende government has been so successful in undermining the economic strength of individuals and groups which support the opposition that financial assistance of the scope requested is essential if an effective campaign is to be carried out. The attention of the Chilean nation will be focused almost exclusively on the elections in the coming months, since the vote will determine whether or not the government has a popular mandate to continue the

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implementation of its revolutionary program, or whether opposition action to force a change in government policies would have massive popular support.



This proposal has the concurrence of the Ambassador and the Assistant Secretary of State for Inter-American Affairs.

II. POLITICAL BACKGROUND

Conditions in Chile continue to deteriorate. Rampant inflation, economic shortages and outbursts of violence recently raised political tensions so dramatically that rumors of an imminent military coup were widely credited. President Allende publicly denounced the existence of a "September Plan" to overthrow his government, blaming foreign imperialism and the CIA, and skillfully exploiting the Kennecott copper issue to mobilize popular support for his government. The military, however, have apparently accepted the forced retirement of General Alfredo Canales, who was generally acknowledged to be

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the leader of the military coup plotters. If no new crisis occurs before mid-October the attention of the nation will thereafter be focused increasingly on the elections, which will provide a concrete reading of public sentiment for or against the government at its mid-term point. The extent of popular support received by the government will determine whether the UP continues to try to implement its revolutionary program legally. A substantial popular vote in favor of the opposition would demonstrate that the government has lost the popular mandate it received in the 1971 municipal election, when the UP received 49.74% of the total vote. If the government can in fact be proved to represent a definite minority of the Chilean people, this would tend to strengthen opposition determination to force a change in government policies.

III. ELECTORAL BACKGROUND

On 4 March 1973 Chileans will elect all 150 members of the Chamber of Deputies and 25 of the 50 members of the Senate. During the most recent Congressional elections, held in 1969 during the Frei administration, the opposition political parties obtained a majority in both houses of Congress. Since Allende's inauguration on 3 November

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1970, Congress has been the major obstacle to the UP's efforts to impose an irreversible Marxist regime in Chile, with the opposition parties making effective use of their legislative control to harass the government and to block the revolutionary reforms proposed by the UP.

During the municipal elections, held in April 1971 during the "honeymoon period" which followed Allende's inauguration, the UP parties received almost 50% of the total popular vote. The opposition will use the municipal election results as a base from which to draw conclusions about the March 1973 results, since it is generally assumed that UP popular support has deteriorated since 1971. In short, the opposition will claim that anything in excess of a 55/45% split of the popular vote in their favor represents an opposition victory. The political and psychological impact of the election will increase in direct proportion to the magnitude of an opposition victory. A strong electoral effort will be needed if the opposition is to attain the roughly 60% of the vote which it will need to maintain its present substantial Congressional majority. A few seats may be lost, but if the opposition succeeds in approximating its present Congressional

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strength, it will have proved that the UP represents a distinct minority of the population.

~~The optimum opposition goal, which unfortunately~~
appears to be out of reach, would be for the opposition to obtain a two-thirds majority in both houses of Congress (100 deputies and 34 senators). Such a majority would enable the opposition parties to override presidential vetoes of legislative bills and would theoretically provide the necessary votes for a presidential impeachment. The opposition parties would, however, have to obtain at least 65% of the popular vote to acquire this two-thirds majority. They are unlikely to achieve this goal, however, unless economic conditions deteriorate even more dramatically. Since the Allende government will spare no effort to insure that its working class electorate receives good wages and adequate food supplies during the pre-election period, even if government resources are exhausted in the process, it will probably be able to maintain some semblance of economic stability during the normally prosperous summer months ahead.

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IV. ELECTORAL DATA

A. Chamber of Deputies

Following the 1969 election there has been considerable party-switching. In the opposition, the PDC lost nine deputies to the Unitary Popular Action Movement (MAPU) and to the Organization of the Christian Left (OIC), groups which are now part of the UP coalition. In the UP, the Radical Party lost eleven deputies to the PDR and to the PIR which are now opposition parties. The current alignment is 93 opposition deputies to 57 UP deputies. All deputy seats will be contested in the March 1973 elections.

B. Senate

The Senate is now divided 32 to 18 in favor of the opposition parties. Of the 25 Senatorial seats up for election, 16 are held by the opposition and 9 by the UP.

C. Party Confederations

A recent ruling by the Chilean Electoral Tribunal enables political parties to form electoral confederations for the March 1973 elections. Both the UP and the

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opposition have registered for confederation status, and thus, are eligible to present unified lists of candidates. The number of candidates on each confederation list cannot exceed the number of seats to be filled in each electoral district. Extensive meetings have been held to select candidates for the confederation slates, but neither the opposition nor the UP has completed this process. This is understandable for the selection process is delicate both because of the competing interests of the various parties and the personal ambitions of incumbent and aspiring candidates. Although it is believed that the opposition parties will be able to resolve their immediate problems and to agree on a unified slate, individual party campaigns for candidates will be conducted separately. The mechanics of the Chilean electoral system tend to magnify inter-party differences, even within the same confederation where parties still compete with each other as well as with the rival confederation. This situation will plague the UP confederation campaign as well as the opposition. - UP control of the government will probably enable the UP to orchestrate its campaign more effectively than the

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opposition. Similarly, the financial and material resources available to the government will probably enable the UP to overwhelm the opposition if the latter does not obtain external support as proposed in this paper.

D. Mechanics of the Election

Chile uses the D'Hondt proportional representation electoral system. Each voter is permitted to vote for only one Deputy and one Senator. According to the electoral regulations permitting political confederations, the number of deputy and senate seats won by each confederation will be based on the total number of votes each confederation receives. Within each confederation, seats will then be awarded to those candidates who receive the largest number of votes in each district. Thus, while every vote for every candidate counts for a confederation's overall slate, each party will obviously be maneuvering to insure maximum electoral benefits for each of its own candidates. This electoral system creates rivalries even within individual parties which have more than one candidate on the confederation slate in a particular district, because they will also

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be competing with each other. For this reason, Chilean politicians tend to campaign individually, and as a result the parties generally lack the organization and discipline which are essential to an optimum campaign effort. The combination of the confederation and D'Hondt system used in Chile also means that the larger political parties will tend to gain at the expense of the smaller ones.

E. The Campaign

The opposition parties will differ in their campaign styles. The PN can be expected to adopt the strongest anti-government line, emphasizing its anti-Communism and doctrinaire differences with the UP program, while the PDC will concentrate its attack on the government's method of governing, inefficiency, and failure to carry out its promises. Both opposition Radical parties will focus on issues designed to induce further defections from the original Radical Party's clientele. In spite of the divisive factors which will hinder opposition efforts to organize a unified campaign, the opposition parties ~~are making~~ an attempt

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to coordinate their activities. The opposition confederation has established a joint electoral commission which has almost completed the selection of candidates and which will meet regularly to coordinate propaganda and to try to insure that none of the parties sponsors legislation or makes public statements which are objectionable to other members of the confederation.

F. The Role of the Private Sector

Private sector organizations have helped to create or to dramatize issues which have damaged the prestige and popular support of the Allende government. They can help to mobilize popular support for the opposition confederation and to insure a maximum voter turnout for the opposition. Financial support to these organizations will also assist them in defending what remains of private enterprise in Chile for as long as possible.



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[REDACTED]
[REDACTED]
G. Contingency Fund

Because of the extreme importance of these elections, a contingency fund of [REDACTED] is deemed desirable to handle emergencies. Expenditure of this contingency fund would be subject to the approval of the Ambassador.

V. PROPOSAL

It is proposed that [REDACTED] be approved for passage to four opposition political parties and [REDACTED] private sector organizations for the 4 March 1973 Congressional election campaign. In addition to the campaign budgets, funds are also requested to permit financial subsidies to the political parties in the immediate post-electoral period [REDACTED] to keep them viable while electoral results are being assessed and a future course of action is being determined. The dollar costs shown in the budgets, which are attached as annexes, are calculated on the basis of the current black market rate of approximately 300 escudos to the dollar.

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The funds requested are considered sufficient to provide each of the four opposition parties with a sound basis for conducting an effective campaign. These funds will be supplemented by money obtained by these parties and the individual candidates through their own fund-raising drives. A large portion of the funds expended in political campaigns in Chile has traditionally been raised by the individual candidates.

The four political parties differ in their approaches to providing direct campaign assistance to individual candidates. The PDC is concentrating its campaign appeal on broad target sectors such as neighborhood, labor and campesino groups, and is allocating relatively few funds to specific candidates. The PN has taken the approach that candidates will receive materials and services from the party rather than being provided with direct financial aid. The PIR and PDR, which lack nationwide organizational structures, allocate larger amounts of funds to their individual candidates.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED] will be provided for specific activities designed to undermine the popularity and prestige of the government and to mobilize electoral support for the opposition political confederation.

A contingency fund, which will not be expended without the Ambassador's concurrence, is included for unforeseen emergencies.

The following is a summary of the financial requirements of the political parties and private sector organizations.

[REDACTED]

Political Parties

PDC [REDACTED]

PN [REDACTED]

PIR [REDACTED]

PDR [REDACTED]

Private Sector

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

Contingency Fund

[REDACTED]
[REDACTED]

VI. FUNDING AND SECURITY

[REDACTED]

[REDACTED]

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[REDACTED] All the political parties and private sector organizations are conducting fund-raising campaigns, and will intensify their fund-raising efforts as election time draws near.

VII. COORDINATION

This proposal has the concurrence of the Ambassador and the Assistant Secretary of State for Inter-American Affairs.

VIII. COSTS

The cost of this proposal is [REDACTED]. These funds are not available within the Agency budget and would have to come from the [REDACTED].

IX. RECOMMENDATION

It is recommended that the 40 Committee approve the proposal as set forth in Section V above, authorizing a total of [REDACTED] which consists of [REDACTED] for the support of the PDC, PN, PIR and PDR; [REDACTED] [REDACTED] as a contingency fund.

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